

Message Text

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ACTION SS-25

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FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 3224

C O N F I D E N T I A L CAIRO 6218

EXDIS

EO 11652: GDS
TAGS: PFOR EG MILI
SUBJECT: WILL GOE AUSTERITY PROGRAM AFFECT MINWAR?

1. IN TALK WITH GENERAL GAMASY JUST PRIOR TO HIS BRIEFING OF THE NATIONAL WAR COLLEGE GROUP, I ASKED HOW MINWAR WILL BE AFFECTED BY THE AUSTERITY PROGRAM WHICH GOE IS CURRENTLY FORMULATING. GAMASY RESPONDED HIS MINISTRY WILL NOT BE APPRECIABLY AFFECTED BY IT. THE MINISTRY OF WAR HAS ITS OWN BUDGET (WHICH IS CLASSIFIED) AND THE DEFENSE REQUIREMENTS OF THE COUNTRY WILL CONTINUE TO HAVE TO BE MET. THERE MIGHT BE MINOR REDUCTIONS-- HE DID NOT SPECIFY WHAT OR WHERE -- BUT THE MINISTRY OF WAR WILL NOT RPT NOT ABSORB THE 25 PERCENT REDUCTION IN EXPENDITURES WHICH THE MINISTER OF FINANCE, WITH THE PRIMIN'S BLESSING, HAS IMPOSED ON ALL OTHER GOE MINISTRIES.

2. SUBSEQUENTLY, IN ANSWERING A QUESTION BY AN NWC STUDENT, GAMASY REAFFIRMED THE ABOVE. HE NOTED THAT MUCH OF THE MONEY FOR THE DEFENSE BUDGET (ESPECIALLY ARMS) COMES FROM THE WEALTHY ARAB STATES AND REITERATED THE FACT THAT THE DEFENSE BUDGET IS SEPARATE FROM THE NATIONAL BUDGET. THOUGH CONCEDED THAT THE MINISTER OF FINANCE IS PRESSING ALL MINISTRIES TO REDUCE THEIR BUDGETS, GAMASY MADE IT CLEAR THAT HE DOES NOT INTEND TO DO SO.

3. COMMENT: GAMASY'S POSITION IS NOT
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UNEXPECTED AND IS UNDOUBTEDLY ENDORSED BY THE PRESIDENT.
WE HAVE BEEN TOLD BY SENIOR GOE OFFICIALS, WITHOUT

REVEALING FIGURES, THAT BETWEEN 35 AND 40 PERCENT OF THE NATIONAL BUDGET IS EARMARKED FOR SECURITY PURPOSES. THIS IS SEPARATE FROM ARMS ACQUISITIONS BUDGET, FUNDS FOR WHICH COME LARGELY FROM THE WEALTHY ARAB STATES. WE HAVE ALSO HAD REPORTS THAT GOE, AT HIGHEST LEVELS, IS CONCERNED ABOUT HIGH DAILY OPERATING COSTS OF EGYPTIAN MILITARY AND IS SEARCHING FOR WAYS TO REDUCE THESE, INCLUDING DEVISING NEW RESERVE SYSTEM.

4. AS YET WE HAVE NO HARD INFORMATION ON NATURE AND EXTENT OF THE SMALL REDUCTIONS MENTIONED BY GAMASY, BUT WE NOTE THAT ON THIS OCCASION THE EGYPTIAN MILITARY DID NOT HOLD THE CUSTOMARY RECEPTION AND DINNER FOR THE NATIONAL WAR COLLEGE GROUP. WE SUSPECT THAT MINWAR HOSPITALITY, IN THE FORM OF DINNERS AND RECEPTIONS FOR VISITING GROUPS, MAY BE ONE OF THE ITEMS THAT IS BEING CURTAILED OR ELIMINATED.
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